R. Dis File No. 222

1939

Collection No.

Mysore Residency

RB 21/7/47 Mab 21/7

P 14

Pros. Serial Nos. 1 – 4

Subject.

Indian Finance Bill 1939

Previous References.

RD 456/38. W

Later References.

A

14/11/46.

S. 97.—(Green).

MFP—1663 S&P—(M-2971)—24-6-38—100,000.

[As introduced in the Legislative Assembly.]

A

BILL

TO

Fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the incidence and rate of excise duty on khandsari *sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary certain duties leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax.*

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the incidence and rate of excise duty on *khandsari* sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary the duty on raw cotton leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax;

XIV of 1934.
XXXII of 1934.
VI of 1898.

It is hereby enacted as follows :—

Short title and extent.

1. (*1*) This Act may be called the Indian Finance Act, 1939.

(*2*) It extends to the whole of British India.

Fixation of salt duty.

XII of 1882.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Central Government to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India, be construed as if, for the year beginning on the 1st day of April, 1939, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule under that section.

Excise duty on *khandsari* sugar.

XIV of 1934.

3. In the Sugar (Excise Duty) Act, 1934,—

(*a*) in clause (*a*) of section 2, the words " wherein, or within the precincts of which, twenty or more workers are working or were working on any day of the preceding twelve months, and " shall be omitted.

(*b*) in clause (*i*) of sub-section (*2*) of section 3, for the words " one rupee and five annas " the words " eight annas " shall be substituted.

Import duty on raw cotton.

XXXII of 1934.

4. In the First Schedule to the Indian Tariff Act, 1934, in item No. 46 (*3*), for the words "six pies per lb." in the fourth column, the words " one anna per lb." shall be substituted.

Inland postage rates.

5. For the year beginning on the 1st day of April, 1939, the Schedule contained in Schedule I to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

VI of 1898.

Income-tax and super-tax.

6. (*1*) Subject to the provisions of sub-section (*2*)—

(*a*) income-tax for the year beginning on the 1st day of April, 1939, shall be charged at the rates specified in Part I of Schedule II, and

(*b*) rates of super-tax for the year beginning on the 1st day of April, 1939, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of Schedule II.

XI of 1922.

(*2*) In cases to which section 17 of the Indian Income-tax Act, 1922 applies, the tax chargeable shall be determined in accordance with the provisions of that section with reference to the rates specified in Schedule II.

XI of 1922.

3)

(*3*) For the purpose of this section and of Schedule II, the expression " total income " means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922. XI of 1922.

(*4*) Notwithstanding anything contained in clause (*a*) of sub-section (*1*) and sub-section (*2*), the rates of income-tax for the year beginning on the 1st day of April, 1939, chargeable in respect of the total income of any individual or Hindu undivided family, where more than half of such total income consists of income from salaries, interest on securities or dividends in respect of which the individual or Hindu undivided family is deemed under the provisions of section 49B of the Indian Income-tax Act, 1922, to have paid income-tax XI of 1922. imposed in British India, or consists of income falling under more than one of these heads, shall be the rates of income-tax imposed in respect of the income of such individual or Hindu undivided family for the year beginning on the 1st day of April, 1938.

(*5*) In respect of income to which sub-section (*4*) applies, the provisions of section 17 of the Indian Income-tax Act, 1922, shall apply to the assessment to be XI of 1922. made for the year beginning on the 1st day of April, 1939, as though the Indian Income-tax (Amendment) Act, 1939, had not been passed. VII of 1939.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[*See* section 5.]

THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[*See* section 7.]

Letters.

For a weight not exceeding one tola	One anna.
For every tola, or fraction thereof, exceeding one tola	Half an anna.

Postcards.

Single	Nine pies.
Reply	One and a half annas.

Book, Pattern and Sample Packets.

For the first two and a half tolas or fraction thereof	Six pies.
For every additional two and a half tolas or fraction thereof, in excess of two and a half tolas	Three pies.

Registered Newspapers.

For a weight not exceeding ten tolas	Quarter of an anna.
For a weight exceeding ten tolas and not exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas.	Four annas."

SCHEDULE II.

[*See* section 6.]

PART I.

RATES OF INCOME-TAX.

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of persons not being a case to which paragraph B of this Part applies—

	Rate.
1. On the first Rs. 1,500 of total income	*Nil.*
2. On the next Rs. 3,500 of total income	Nine pies in the rupee.
3. On the next Rs. 5,000 of total income	One anna and three pies in the rupee.
4. On the next Rs. 5,000 of total income	Two annas in the rupee.
5. On the balance of total income	Two annas and six pies in the rupee.

Provided that—

(*i*) no income-tax shall be payable on a total income which does not exceed Rs. 2,000.

(*ii*) the income-tax payable shall in no case exceed half the amount by which the total income exceeds Rs. 2,000.

B. In the case of every company and local authority, and in every case in which, under the provisions of the Indian Income-tax Act, 1922, income-tax is to be charged at the maximum rate—

	Rate.
On the whole of total income	Two annas and six pies in the rupee.

5)

PART II.

RATES OF SUPER-TAX.

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which paragraph B of this Part applies—

	Rate.
1. On the first Rs. 25,000 of total income	*Nil.*
2. On the next Rs. 10,000 of total income	One anna in the rupee.
3. On the next Rs. 20,000 of total income	Two annas in the rupee.
4. On the next Rs. 70,000 of total income	Three annas in the rupee.
5. On the next Rs. 75,000 of total income	Four annas in the rupee.
6. On the next Rs. 1,50,000 of total income	Five annas in the rupee.
7. On the next Rs. 1,50,000 of total income	Six annas in the rupee.
8. On the balance of total income	Seven annas in the rupee.

B. In the case of every company and local authority—

	Rate.
On the whole of total income	One anna in the rupee.

It is hereby declared that it is expedient in the public interest that clause 4 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

XVI of 1931.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to continue for a further period of one year the existing rate of salt duty and the present Inland Postage rates, to fix new rates of income-tax and super-tax according to the Slab System ; to amend the definition of " factory " given in the Sugar (Excise Duty) Act and at the same time to reduce the rate of duty on *khandsari* sugar ; and to increase the import duty on raw cotton.

2. Clause 2 provides for the continuance for a further period of one year of the existing provisions regarding salt duty. The duty of Rs. 1-4-0 per maund on salt remains liable to the additional duty imposed under section 5 of the Indian Finance (Supplementary and Extending) Act, 1931.

3. Clause 3 provides for a decrease in the excise duty on *khandsari* sugar which was previously reduced by notification from Rs. 1-5-0 per cwt. to annas eight per cwt. and amends the definition of a " factory " so as to omit the reference to the number of workers employed.

4. Clause 4 provides for the increase of the import duty on raw cotton from six pies to one anna per lb.

5. Clause 5 provides for the continuance for a further period of one year of the present inland postage rates.

6. Clause 6 fixes new rates of income-tax and super-tax drawn up on the Slab System.

P. J. GRIGG.

7)

GOVERNMENT OF INDIA.

LEGISLATIVE ASSEMBLY DEPARTMENT.

BILL

TO

Fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the incidence and rate of excise duty on *khandsari* sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary certain duties leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax.

The Governor-General has been pleased to accord the sanctions required by sub-section (*2*) of section 67 of the Government of India Act, as saved from repeal by paragraph 12 of the Government of India (Commencement and Transitory Provisions) Order, 1936, and by sub-section (*1*) of section 141 of the Government of India Act, 1935.

MD. RAFI,

Secretary of the Legislative Assembly.

(*The Honourable Sir James Grigg.*)

GIPD—823 FD—M—7-3-39—1,300.

Issued 4.4.39. S-N 2 18

Issued ICS 18/4/39.

Res. Mysore 38.

OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,

Bangalore, the 18th April 1939

R. Dis. No. F. 222---39
~~RXXX~~ Judl.

A copy of the undermentioned paper is forwarded to the Asst. Commissioner of Income-tax, C & M Station, Bangalore, for information.

~~A copy of the undermentioned paper(s) is forwarded with compliments to the Secretary to the Government of His Highness the Maharaja of Mysore, Department for information,~~ in continuation of with reference to the correspondence ending with ~~(his)~~ memorandum / letter / ~~endorsement~~ ~~from~~

~~No.~~ ~~dated the~~

By order, etc.,

for *Secretary to the Resident.*
& Commr. of Income-tax.

LIST OF PAPERS.

Letter from the Central Board of Revenue C.No.48(1)-I.T./39, dated the 10th March 1939, with enclosure.

Rec'd 31/3/39 Issued 3.4.39.

1686—12-3-1937—2,000—RPB.

S.N.3 19

D.A.Dis.No.48(1)-I.T./39.

CENTRAL BOARD OF REVENUE

OFFICE OF THE
HON'BLE THE RESIDENT
IN MYSORE, BANGALORE-
17 APR. 1939
Diary No. 3964
File No.....

New Delhi, the 10th April 1939.

From

T.S. Pillay, Esquire, M.A., B.L.,
First Secretary, Central Board of Revenue,

To

All Commissioners of Income-tax
(including Commissioner of Income-tax, Central).

Sir,

Indian Finance Act, 1939 -
Copies of - Supply of.

S.N/C-7-1

In continuation of my letter C.No.48(1)-I.T./39 dated the 10th March 1939, I am directed to enclose * * copies of the Indian Finance Act, 1939, for your information.

I have the honour to be,
Sir,
Your most obedient servant,

12.4.39
First Secretary, Central Board of Revenue.

* *	
Madras	70
Bombay	95
Bengal	100
Central & United Provinces	80
Punjab	85
B & O	25
Assam	10
Ajmer Merwara	10
Coorg	5
C. & M. Station, Bangalore	7
Mt. Abu	3
(Central)	6
	496

(10

WHEREAS the Legislative Assembly has failed to pass in the form recommended by me the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the incidence and rate of excise duty on *khandsari* sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary certain duties leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax, a copy of which Bill in the form recommended by me is hereto annexed;

NOW, THEREFORE, I, Victor Alexander John, Marquess of Linlithgow, in exercise of the power conferred by sub-section (1) of section 67B of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935, do hereby certify that the passage of the said Bill is essential for the interests of British India.

LINLITHGOW,

Viceroy and Governor General

NEW DELHI;

The 25th March, 1939.

In pursuance of the provisions of sub-section (1) of section 67B of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935, I, Victor Alexander John, Marquess of Linlithgow, do recommend to the Council of State that it do pass the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the incidence and rate of excise duty on *khandsari* sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary certain duties leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax, in the form hereto annexed.

LINLITHGOW,

Viceroy and Governor General.

NEW DELHI;

The 25th March, 1939.

BILL

TO

Fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the incidence and rate of excise duty on khandsari *sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary certain duties leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax.*

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the incidence and rate of excise duty on *khandsari* sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary the duty on raw cotton leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax;

XIV of 1934.

XXII of 1934.

VI of 1898.

It is hereby enacted as follows:—

Short title and extent.

1. (*1*) This Act may be called the Indian Finance Act, 1939.

(*2*) It extends to the whole of British India.

Fixation of salt duty.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Central Government to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India, be construed as if, for the year beginning on the 1st day of April, 1939, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule under that section.

XII of 1882.

Excise duty on *khandsari* sugar.

3. In the Sugar (Excise Duty) Act, 1934,—

XIV of 1934.

(*a*) in clause (*a*) of section 2, the words "wherein, or within the precincts of which, twenty or more workers are working or were working on any day of the preceding twelve months, and" shall be omitted.

(*b*) in clause (*i*) of sub-section (*2*) of section 3, for the words "one rupee and five annas" the words "eight annas" shall be substituted.

Import duty on raw cotton.

4. In the First Schedule to the Indian Tariff Act, 1934, in Item No. 46 (3), for the words "six pies per lb." in the fourth column, the words "one anna per lb." shall be substituted.

XXXII of 1934.

Inland postage rates.

5. For the year beginning on the 1st day of April, 1939, the Schedule contained in Schedule I to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

VI of 1898.

Income-tax and super-tax.

6. (*1*) Subject to the provisions of sub-section (*2*)—

(*a*) income-tax for the year beginning on the 1st day of April, 1939, shall be charged at the rates specified in Part I of Schedule II, and

(*b*) rates of super-tax for the year beginning on the 1st day of April, 1939, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of Schedule II.

XI of 1922.

(*2*) In cases to which section 17 of the Indian Income-tax Act, 1922, applies, the tax chargeable shall be determined in accordance with the provisions of that section with reference to the rates specified in Schedule II.

XI of 1922.

(3) For the purpose of this section and of Schedule II, the expression " total income " means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922. XI of 1922.

(4) Notwithstanding anything contained in sub-section (1) or sub-section (2), where more than half of the total income of any individual or Hindu undivided family consists of income from salaries, interest on securities or dividends in respect of which the individual or Hindu undivided family is deemed, under the provisions of section 49B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, XI of 1922. or consists of income falling under more than one of those heads—

(a) income-tax for the year beginning on the 1st day of April, 1939, shall be charged in respect of such total incomes at the rates of income-tax which were imposed for the year beginning on the 1st day of April, 1938, in respect of incomes of individuals or Hindu undivided families, and

(b) in cases in which super-tax has been deducted under the provisions of section 18 of the said Act or would have been so deductible had the Indian Income-tax (Amendment) Act, 1939, come into force on the 1st day of VII of 1939. April, 1938, the rates of super-tax for the year beginning on the 1st day of April, 1939, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be the XI of 1922. rates of super-tax which were imposed for the year beginning on the 1st day of April, 1938, in respect of incomes of individuals or Hindu undivided families, as the case may be.

(5) In respect of income to which sub-section (4) applies, the provisions of section 17 of the Indian Income-tax Act, 1922, shall apply to the assessment to be XI of 1922. made for the year beginning on the 1st day of April, 1939, as though the Indian Income-tax (Amendment) Act, 1939, had not been passed. VII of 1939.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[*See* section 5.]

" THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[*See* section 7.]

Letters.

For a weight not exceeding one tola	One anna.
For every tola, or fraction thereof, exceeding one tola	Half an anna.

Postcards.

Single	Nine pies.
Reply	One and a half annas.

Book, Pattern and Sample Packets.

For the first two and a half tolas or fraction thereof	Six pies.
For every additional two and a half tolas, or fraction thereof, in excess of two and a half tolas	Three pies.

Registered Newspapers.

For a weight not exceeding ten tolas	Quarter of an anna.
For a weight exceeding ten tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.
In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet—	
For a weight not exceeding ten tolas	Half an anna.
For every additional five tolas, or fraction thereof, in excess of ten tolas	Quarter of an anna.

Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognised agent at the post office.

Parcels.

For a weight not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas.	Four annas."

SCHEDULE II.

[*See* section 6.]

PART I.

RATES OF INCOME-TAX.

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of persons not being a case to which paragraph B of this Part applies—

	Rate.
1. On the first Rs. 1,500 of total income	*Nil.*
2. On the next Rs. 3,500 of total income	Nine pies in the rupee.
3. On the next Rs. 5,000 of total income	One anna and three pies in the rupee.
4. On the next Rs. 5,000 of total income	Two annas in the rupee.
5. On the balance of total income	Two annas and six pies in the rupee.

Provided that—

(*i*) no income-tax shall be payable on a total income which does not exceed Rs. 2,000 ;

(*ii*) the income-tax payable shall in no case exceed half the amount by which the total income exceeds Rs. 2,000.

B. In the case of every company and local authority, and in every case in which, under the provisions of the Indian Income-tax Act, 1922, income-tax is to be charged at the maximum rate—

	Rate.
On the whole of total income	Two annas and six pies in the rupee.

(13)

PART II.

RATES OF SUPER-TAX.

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which paragraph B of this Part applies—

	Rate.
1. On the first Rs. 25,000 of total income	*Nil.*
2. On the next Rs. 10,000 of total income	One anna in the rupee.
3. On the next Rs. 20,000 of total income	Two annas in the rupee.
4. On the next Rs. 70,000 of total income	Three annas in the rupee.
5. On the next Rs. 75,000 of total income	Four annas in the rupee.
6. On the next Rs. 1,50,000 of total income	Five annas in the rupee.
7. On the next Rs. 1,50,000 of total income	Six annas in the rupee.
8. On the balance of total income	Seven annas in the rupee.

B. In the case of every company and local authority—

	Rate.
On the whole of total income	One anna in the rupee.

This Bill has been consented to by the Council of State.

M. B. DADABHOY,

The 28th March, 1939. *President, Council of State.*

I assent to this Bill.

LINLITHGOW,

The 30th March, 1939. *Viceroy and Governor General.*

This Act has been made by me as Governor General under the provisions of section 67B of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935.

LINLITHGOW,

The 30th March, 1939. *Viceroy and Governor General.*

WHEREAS I, Victor Alexander John, Marquess of Linlithgow, am of opinion that a state of emergency exists which justifies the direction by me that the Indian Finance Act, 1939, being an Act made by me under the provisions of section 67B of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935, shall come into operation forthwith :

NOW, THEREFORE, in exercise of the power conferred by the proviso to sub-section (2) of that section, I do hereby direct accordingly.

LINLITHGOW,

The 30th March, 1939. *Viceroy and Governor General.*

14)

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

BILL

TO

Fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the incidence and rate of excise duty on *khandsari* sugar leviable under the Sugar (Excise Duty) Act, 1934, to vary certain duties leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, and to fix rates of income-tax and super-tax.

GIPD—M5 CBR—3-4-39—700.

8 Encl 24.4.39

Issued ICK 4/5/39.

THE OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,

Bangalore, the 4th May ~~April~~ *1939*

R.Dis.No. F.222-39 Judl.

The under~~-~~mentioned paper is forwarded to the Asst. Commissioner of Income-tax, Civil and Military Station, Bangalore, for information,

~~A copy of the undermentioned paper(s) is forwarded with compliments to the Secretary to the Government of His Highness the Maharaja of Mysore, Department, for information,~~

~~in continuation of with reference to the correspondence ending with~~ (his) ~~Memorandum~~ ~~letter~~ endorsement from this Residency R.Dis.No.F.222-39/Judl., dated the 18th April 1939.

S.N.2
c.p.88
'P'

~~No. dated the~~

By order, etc.,

22.4.39

for ~~Asst. Secy.~~ Secretary to the Resident in Mysore.

List of papers.

Encl. to S.N.3 P.U.C

The Indian Finance Act, 1939.

(with 2 spare copies.)

(Spare copies kept at bottom of file.)

21.4.39

21.4.39